

STATE OF MAINE  
PUBLIC UTILITIES COMMISSION

Docket No. 98-897

May 23, 2000

MAINE PUBLIC UTILITIES COMMISSION  
Investigation Into the Rates of Mid-Maine  
Telecom Pursuant to 35-A M.R.S.A. § 7101-B

**CORRECTED ORDER<sup>1</sup>**

WELCH, Chairman; NUGENT and DIAMOND, Commissioners

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**I. SUMMARY**

In this Order, we approve a Stipulation which resolves all of the issues in the above-captioned matter. The Stipulation provides that Mid-Maine Telecom (Mid-Maine) may file a general rate proceeding for rates, including access rates, to be effective on or after May 30, 2001. In establishing the rates, the annual revenue requirements of Mid-Maine will be reduced by an Annual Amortization Amount to be determined by dividing \$900,000 by the years of amortization.

**II. BACKGROUND**

On May 27, 1997, the Maine Legislature enacted 35-A M.R.S.A. § 7101-B, which required the Commission to establish intrastate access rates for local exchange carriers based on their interstate access rates as established by the Federal Communications Commission (FCC) by May 30, 1999, and every two years thereafter. On December 19, 1997, we adopted Section 8(J) of Chapter 280 of our Rules, which required Mid-Maine (and all other independent telephone companies (ITCs)) to reduce its intrastate access rates by 40% of the difference between its existing rates and the level of the interstate access rates by May 30, 1998.

On December 17, 1997, Mid-Maine filed its initial schedule of intrastate access rates (Docket No. 97-859). On May 27, 1998, the Commission approved Mid-Maine's initial schedule of intrastate access rates, which were already at or below the level of interstate access rates, as determined on the basis of the NECA-pool disbursements. After the initial rate reductions for the ITCs were concluded, the Commission Staff and the Telephone Association of Maine ("TAM") began informal discussions to attempt to resolve issues regarding the access rate reductions planned for May 30, 1999. In October 1998, ITCs provided the Staff with earnings analyses of the impact of the further reductions. The information was provided in an informal manner to facilitate discussions and negotiations between the Staff and the ITCs.

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<sup>1</sup>The only correction being made to the original order can be found on page 4 of the Order in *italic print*.

On November 24, 1998, we opened formal investigations into the rates of each ITC, including Mid-Maine. The Office of the Public Advocate (OPA), Bell Atlantic and TAM subsequently petitioned to intervene in this case and all three petitions were granted. On January 28, 1999, we issued our Interim Order in this case as well as in all of the other ITC investigations. The Interim Order required Mid-Maine to reduce its rates to the NECA Pool Disbursement levels by May 30, 1999. It also stated that it was our goal to reduce access rates to NECA Tariff levels by May 31, 2001.

On January 13, 1999, the Staff conducted a Technical Conference to discuss information regarding Mid-Maine. On February 24, 1999, Mid-Maine filed a letter with the Commission stating that no change in access rates was necessary in order for Mid-Maine's intrastate access rates to be in accordance with Section 8(J) of Chapter 280 of the Commission's Rules as of May 30, 1999.

On August 11, 1999, Mid-Maine provided the Staff and OPA with an analysis of the impact of access rate reductions. On August 13, 1999, and December 15, 1999, Mid-Maine met with Staff and the OPA to discuss the information and explore resolution of the issues. On December 23, 1999, a conference call was held among the parties to further discuss this case. These discussion produced the resolution proposed in the Stipulation.

Neither TAM nor Bell Atlantic filed any objections to the Stipulation.

### **III. DECISION**

#### **1. Standard**

In reviewing a stipulation submitted by the parties to a proceeding, we must consider:

1. whether the parties joining the stipulation represent a sufficiently broad spectrum of interests that the Commission can be sure that there is no appearance or reality of disenfranchisement;
2. whether the process that led to the stipulation was fair to all parties; and
3. whether the stipulated result is reasonable and is not contrary to legislative mandate.

See Consumers Maine Water Co., Proposed General Rate Increase of Bucksport and Hartland Divisions, Docket No. 96-739 (Me. P.U.C. July 3, 1997). We have also recognized that we have an obligation to ensure that the overall stipulated result is in the public interest. Id.

## 2. Discussion

First, we find that the fact that the OPA signed the Stipulation and that Bell Atlantic and TAM did not object to it provides sufficient evidence that there is no appearance or reality of disenfranchisement. The OPA represents the public before the Commission and thus, by signing the Stipulation, indicates its belief that the Stipulation benefits ratepayers. Bell Atlantic will likely be the biggest payer of Mid-Maine's access rates and thus, by not objecting to the Stipulation, indicates that the Stipulation adequately addresses its, as well as other access payers', concerns.

Second, based upon our knowledge of our staff's participation in the process that led to the stipulation, we find that it was fair to all parties. All meetings were noticed to all parties and all parties were given an opportunity to meaningfully participate in the discussions that led to the Stipulation. We find this process inherently fair.

Third, we find that the stipulated result is reasonable and complies with the legislative mandate found in 35-A M.R.S.A. § 7101-B. The most pertinent provisions of the Stipulation are as follows:

Access rate reduction. While the Stipulation does not specify the access rate Mid-Maine will charge after May 30, 2001, it recognizes the Commission's stated goal of lowering access rates to the NECA tariff 5 level by May 30, 2001.

Revenue Requirement Reduction. In establishing the rates to be implemented on May 30, 2001, the annual revenue requirements of the Telephone Company shall be reduced by an Annual Amortization Amount to be determined as follows:

$$\text{Annual Amortization Amount} = \frac{\text{Total Amortization Amount}}{\text{Amortization Period (yrs)}}$$

Total Amortization Amount. The Total Amortization Amount will be \$900,000.

Amortization Period. The Amortization Period to be used for purposes of the rates to be implemented on May 30, 2001 will be between 3 and 5 years. If the parties fail to agree on the Amortization Period, a 5-year period will be used, in which event the Amortization Period will end on May 29, 2006.

Calling Area Plans. Mid-Maine will file revised exchange boundary maps in a separate proceeding which will necessitate resolution of the calling area issues in the West Enfield Exchange. Mid-Maine will also continue discussions with the parties in Docket No. 99-324, Request by Patricia

Lecture, et al., for Investigation into the Calling Area of the 884 (Levant) Exchange of Mid-Maine Telecom, in an effort to resolve calling area issues within Mid-Maine's service area in the Town of Glenburn. *Any ongoing revenue losses or costs associated with implementing calling plans resolving these two issues will be included in the revenue requirement in the rate proceeding, provided that if any losses and costs experienced before May 30, 2001, exceed \$5000 on an annual basis, the amount of such losses and costs (net of any incremental revenue) shall be deducted from the Total Amortization Amount.*<sup>2</sup>

We find that, taken together, these provisions are reasonable and promote the public interest.

Accordingly, we

O R D E R

That the Stipulation attached as Attachment A and filed on April 27, 2000, is approved.

Dated at Augusta, Maine, this 23rd day of May, 2000.

BY ORDER OF THE COMMISSION

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Dennis L. Keschl  
Administrative Director

COMMISSIONERS VOTING FOR:      Welch  
   Nugent  
   Diamond

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<sup>2</sup>This sentence has been changed to more accurately summarize the terms of the Stipulation.

## NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within 30 days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Civil Procedure, Rule 73, et seq.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.